

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Good Judgment in the Competitive Procurement Process

The Procurement Process Reform Process Action Team, formed under my charter, provided five recommendations related to the issue of risk avoidance versus risk management. The recommendations are designed to improve procurement and administration procedures, which will shorten the time it takes us to award. None of these recommendations requires changes to our existing regulations, but they do require that we apply common sense and good judgment as we attempt to manage risk rather than avoid it completely. I ask that you distribute this memo to the buying activities within your organization and urge you to promptly adopt the concept these recommendations support.

Formal versus Less Formal Source Selection - The use of formal source selection procedures unnecessarily delays smaller dollar value procurements. Acquisitions *not* meeting the definition of "major systems", as defined by 10 USC 2302 (5) or those *not* designated by the head of the agency responsible for the system, *should not* be subjected to procedures similar to those in the formal source selection process. Generally, for less than major acquisitions, the Source Selection Authority should be at the level of the head of the contracting division or the program manager. For small dollar purchases the source selection decisions should be made by the contracting officer with the advice of technical and other specialists as may be appropriate. Unnecessary layers of review should be eliminated and the decision making authority maintained at a lower level more familiar with the details of the acquisition.

Limiting the Number of Evaluation Factors - Limiting source selection evaluation factors to those that genuinely discriminate among proposals saves time, reduces the personnel required for the evaluation and reduces the cost to companies to prepare proposals. Technical evaluation factors should be limited to those areas that are pivotal in successful contract performance and with which an offeror's compliance must be established prior to award.

Preliminary Evaluation Approach - When a large number of proposals are expected in response to a solicitation, consideration should be given to using a preliminary evaluation to identify those proposals that are determined to have a reasonable chance for award. Proposals that are unacceptable and proposals that are acceptable but nonetheless do not stand a real chance of being selected for award should be excluded from the competitive range and the offerors should be so notified. The solicitation should inform offerors that there may be a preliminary evaluation of proposals on the basis of the most significant factors (price or cost must always be among those factors). These factors will be specifically identified in the solicitation and based upon an evaluation of these factors, proposals that have no chance of being included in the competitive range will be excluded from further consideration.

Award on Initial Offers - Since negotiations are costly and time-consuming, solicitations should provide for award without discussions in appropriate circumstances. Contracting officers should not open discussions unless other matters need to be resolved, provided offered prices can be determined to be reasonable based on initial offers.

I believe by implementing these principles, and operating in a risk management mode, we can save money for the taxpayers, use the time of our acquisition personnel more judiciously and be more responsive to our customers.